



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND SOUTHWEST
1220 PACIFIC HIGHWAY
SAN DIEGO, CA 92132-5190

4200
12D2006-0004
24 January 2018

TETRA TECH EC, INC. (TtEC)

Mr. Mark Perkins
1230 Columbia Street, Suite 750
San Diego, CA 92101

SUBJECT: FINAL INVOICES FOR CONTRACT N62473-12-D-2006 TO 0004: RADIOLOGICAL SURVEY OF BUILDINGS 253 AND 211, PARCEL C AT HUNTERS POINT NAVAL SHIPYARD, SAN FRANCISCO, CA; CONTRACT N62473-10-D-0809 TO 0002: PARCEL C RADIOLOGICAL REMEDIATION AND SUPPORT AT HUNTERS POINT NAVAL SHIPYARD, SAN FRANCISCO, CA

Ref: (a) Navy Rejection of Invoices for CTO 0002 under RAD EMAC and CTO 0004 under UR EMAC, and Status of Request for Equitable Adjustment on CTO 0004, Radiological Survey of Buildings 253 and 211, Parcel C, at Hunter's Point Naval Shipyard, San Francisco, CA (UMAC-18-0026), dated 28 November 2017

Dear Mr. Perkins,

This letter responds to your letter dated November 28, 2017 regarding the Navy's rejection of payment for the invoices below.

- (1) Invoice 51130143FINAL for Contract N62473-10-D-0809 Task Order 0002 in the amount of \$66,691.95.
- (2) Invoice 51189768 for Contract N62473-12-D-2006 Task Order 0004 in the amount of \$435,606.24.

Under normal circumstances, the Navy would discuss these items with TtEC and negotiate a final payment. However, the acceptability of all TtEC radiological data is currently in question due to allegations that TtEC falsified data submitted to the Navy and regulatory agencies. As TtEC is aware, there are ongoing Department of Justice investigations into the allegations regarding the nature and extent of TtEC's misrepresentation of data delivered to the Navy under several task orders, including the subject task orders. The expected date for the resolution of these investigations is not known; however, at the insistence of the regulatory agencies (EPA and DTSC), the Mayor of San Francisco, and Congresswoman Nancy Pelosi, the Navy began an independent review of TtEC's radiological data, including that collected as part of the two subject task orders.

During this review, the Navy has identified significant concerns with TtEC's data related to both of the subject task orders. For example, a string of duplicated data was identified in Buildings 253 (CTO 0004) alpha and beta measurements, and potential data manipulation was identified in 18 of the 41 trench units completed as part of CTO 0002. The Navy has completed its review of soil data in Parcels B, G, UC-1, UC-2, UC-3, D-2, C and E. These findings are currently under review by regulatory agencies. In addition, the Navy is in the process of completing its evaluation of building data in Parcels B, G, C, UC-2 and D-2. These evaluations indicate falsification of data beyond what was reported in TtEC's internal investigation conducted in 2014.

In addition to the pending investigations, the invoices for both CTO 0002 and 0004 are rejected because the Navy has determined that TtEC did not meet the following portions of the performance objectives of both CTOs:
CTO 0002:

- "The primary objective of this SOW is to continue the Base-wide Sewer Sanitary System and Storm Drain TCRA and achieve free-release of Buildings 203, 214, 241, 271 and 272 in the inner portion of Parcel C. The end result of this removal action is to achieve unrestricted free release of the sewer and storm drain survey units and buildings".

- Unrestricted free release has not been achieved for the buildings, sewer, or storm drains because there is no confidence in the validity of the data to base such a conclusion. The Navy has found that there are additional instances of falsification to what TtEC reported from their internal investigation in 2014. Until the information provided in the final reports can be verified, and agreed to by all regulatory agencies, the performance objectives have not been met and the Navy cannot approve a final invoice.

CTO 0004:

- “All surveys performed during the characterization shall be of sufficient quality to serve as a Final Status Survey for survey units that do not contain contamination.”
- Due to missing quality control records and without thorough quality control information, the data in the Characterization Reports cannot be considered suitable for Final Status Survey data. Further, the California Department of Public Health rejected the data in the reports because it does not “demonstrate a thorough, rigorous documented and traceable quality control (QC) program.”
- Additionally, it has come to the Navy’s attention that there are two survey units published in the Building 253 Characterization Report which have identical data (Survey units 413 and 522). At a minimum, this indicates very poor data management which led to the Navy publishing reports with a misrepresentation of the site and draws into question the validity of all of the data collected for this project. TtEC therefore did not meet the Performance Objectives because the data is not of sufficient quality.

Furthermore, the issue of data validation pertains to the following task orders involving radiological data conducted in 2014:

- a. N62473-10-D-0809 CTO 0007
- b. N62473-10-D-0809 CTO 0012
- c. N62473-10-D-0809 CTO 0015
- d. N62473-10-D-0809 CTO 0016

Contract N62473-10-D-0809 CTOs 0002, 0012, and 0016 and Contract N62473-12-D-2006 CTO 0004 include radiological work at Parcel C and Contract N62473-10-D-0809 CTOs 0007 and 0015 include radiological work at Parcel E.

The Navy has determined that a withholding of final payment is necessary while the validity of the data is reviewed and deliverables are verified. The rework required to obtain usable data to meet regulatory agency requirements is expected to cause a significant increase in cost to the Government. The Navy expects to have a better understanding of the magnitude of these additional costs upon the conclusion of the Navy’s independent review of TtEC’s radiological data.

If you have any questions, please you have any questions concerning this letter; please contact Cheryl Mercado at cheryl.mercado@navy.mil or (619) 524-5665.

Sincerely,

KAREN L. BARBA
Contracting Officer

Pursuant to FAR 52.232-1, the Navy has determined that a withholding of final payment is necessary while the matter is reviewed and deliverables are verified.